



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH MAY 2023

DOMESTIC NEWS

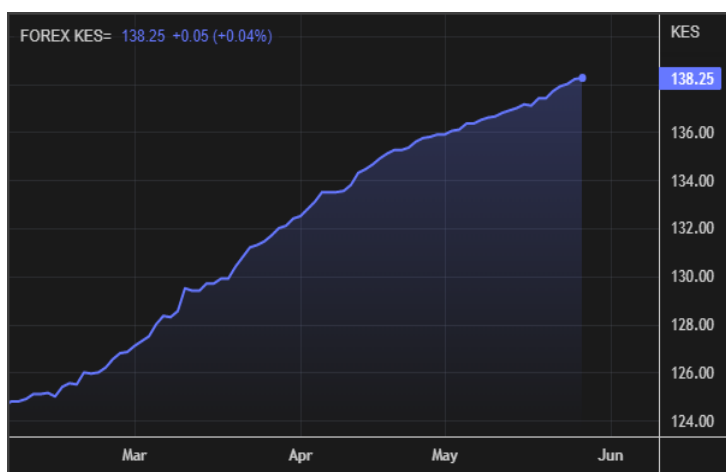
The Kenyan shilling slipped on Friday, weighed down by sustained importer dollar demand ahead of an interest rate decision today. The Central Bank of Kenya is due to announce its latest rate decision today. Commercial banks quoted the shilling at 138.25/45 per dollar, slightly weaker than its last closing level of 138.20/40.

The Central Bank of Kenya (CBK) has mopped a further Sh27.2 billion from the third auction of May's three-year bond. The second tap sale of the paper which closed on Friday had an equal value of bids to acceptance and beat the advertised Sh20 billion value. Investors in the bond are expected to earn a return of 14.228 percent which represents the allocated average rate for accepted bids and the paper's coupon rate at the primary auction. The overperformance of the tap sale aligns with CBK's bet on investors preferring shorter-dated securities amidst a rising interest rate environment which would expose buyers of government securities to mark-to-market losses on longer-tenured bonds. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.35	145.85	134.35	145.60
GBP/KES	166.95	178.80	166.15	179.35
EUR/KES	143.63	157.03	143.93	158.43
AED/KES	33.67	46.67	35.67	47.17

Amounts > 10 million		Amounts >100,000	
KES		USD	
2 Weeks	7.50%	1.50%	
1 Month	7.50%	2.50%	
3 Months	8.00%	3.25%	
6 Months	8.50%	3.50%	
1 year	9.00%	4.25%	



USD movement from March 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar was set for a third straight weekly gain on Friday, as markets raised bets on higher-for-longer interest rates and amid closely watched last-ditch talks on the U.S. debt ceiling. Apparent progress in the talks between President Joe Biden and top congressional Republican Kevin McCarthy helped ease investor jitters, but doubts remained about when both sides would reach agreement. The U.S. dollar index, which tracks the currency against six major counterparts, was last down 0.038% on the day at 104.170%.

Elsewhere EUR/USD edged higher to 1.0731, remaining close to a two-month low, even as European Central Bank officials hint at further interest rate hikes to tame still elevated inflation. GBP/USD rose 0.2% to 1.2344 after British retail sales rose by more than expected in April, rising by 0.5% from March, above the 0.3% expected and an improvement from the drop of 1.2% the prior month. With U.K. inflation remaining the highest in the G7, jointly with Italy, and consumer spending showing a degree of resilience, the Bank of England is likely to hike interest rates once more next month. USD/JPY edged 0.2% lower to 139.78, just off a six-month high, with softer-than-expected Tokyo inflation data on Friday lifting expectations that the Bank of Japan will hold off on tightening policy this year. AUD/USD rose 0.3% to 0.6522, while USD/CNY fell 0.4% to 7.0524, rebounding from a near six-month high, but remains well above the key 7 level.

In the commodities markets, Oil prices rose on Monday after U.S. leaders reached a tentative debt ceiling deal, possibly averting a default in the world's largest economy and oil consumer, although concerns about further interest rate hikes capped gains. Brent crude futures climbed 66 cents, or 0.9%, to \$77.61 a barrel by 0247 GMT, while U.S. West Texas Intermediate crude was at \$73.42 a barrel, up 75 cents, or 1%. Trade is expected to be subdued on Monday because of UK and U.S. holidays.

On the other end Gold bulls are still counting on another record high if the Chicken Little metaphor of saving the world — or more precisely, the U.S. economy, from a government debt default or recession — doesn't come true. The spot price of gold, which reflects physical trades in bullion and is more closely followed than futures by some traders, was at \$1,945.04. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0534	1.0939
GBP/USD	1.2157	1.2559
USD/ZAR	17.6678	21.6778
USD/AED	3.6518	3.6928
USD/JPY	138.40	142.41

For more details, contact our Treasury staff Mary, Bernard, Joseph & Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/52/54. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.